PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "TAX MATTERS" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

$3,787,152

CANAJOHARIE CENTRAL SCHOOL DISTRICT

MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$3,787,152 Bond Anticipation Notes, 2019

(the "Notes")

Dated: July 8, 2019 **Due: July 8, 2020**

The Notes will constitute general obligations of the Canajoharie Central School District, Montgomery and Schoharie Counties, New York (the "School District" or the "District") and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property within the District will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See "THE NOTES - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, except for a necessary odd denomination, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the Purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination, as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants (as herein after defined) and Indirect Participants (as herein after defined) in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hodgson Russ LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon with the purchaser(s) on or about July 8, 2019.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 17, 2019 until 11:45 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids also may be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June 11, 2019

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN DESIGNATED EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS" HEREIN.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK

2018-2019 BOARD OF EDUCATION

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High School Principal

FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor

HODGSON RUSS LLP
Bond Counsel

No person has been authorized by Canajoharie Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of Canajoharie Central School District.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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OFFICIAL STATEMENT

of the

CANAJOHARIE CENTRAL SCHOOL DISTRICT
MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK

Relating To

$3,787,152 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page, has been prepared by the Canajoharie Central School District, Montgomery and Schoharie Counties, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $3,787,152 principal amount of Bond Anticipation Notes, 2019 (the "Notes").

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

THE NOTES

Nature of the Obligation

Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law" or "Chapter 97"). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean… So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted… While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

Description of the Notes

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes are dated July 8, 2019 and mature, without option of prior redemption, on July 8, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

If the Notes are issued registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, except for a necessary odd denomination. Any related bank fees, if any, are to be paid by the purchaser(s).

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution adopted by the Board of Education on September 13, 2018 and a proposition approved by the qualified voters on December 5, 2017 authorizing the issuance of $4,986,750 serial bonds to finance the reconstruction and renovations of various School District buildings.

The proceeds of the Notes will provide new monies for the abovementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com and www.dtc.org**.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, note certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE SCHOOL DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE SCHOOL DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE SCHOOL DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for a necessary odd denomination. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The Canajoharie Central School District is situated in upstate New York in the central portion of Montgomery County, about 40 miles west of the City of Albany. It encompasses approximately 30 square miles, and is located primarily within the Village of Canajoharie. Additionally, the School District encompasses various portions of the Towns of Canajoharie, Carlisle, Charleston, Minden, Mohawk, Palatine, Root and Sharon.

Passenger rail service by Amtrak is available in nearby Amsterdam and Albany. The Barge Canal located within the District provides direct water transportation to the Port of New York and the Great Lakes at Buffalo.

Bus transportation is provided by Greyhound and Trailways Bus Lines and air transportation is available at Albany and Fulton County Airports. The New York State Thruway has an interchange, Exit 29, within the School District. Other major highways include New York State Routes #5 and #5S.

Electricity and natural gas are supplied throughout the School District by the Niagara Mohawk Power Corporation. The Village and Towns maintain water supply and distribution systems, entirely supported from user charges, and they provide sanitary sewage collection and treatment facilities. These services are supported from user charges and special benefit assessments.

Police protection is provided by the New York State police, the Canajoharie Police Department and the County Sheriff's Office. Fire protection service is provided by the Canajoharie Fire Department and by other local volunteer units. Ambulance service is provided by Mid-County Ambulance, a public service, and by private companies.

Source: District Officials.

District Population

The estimated population of the District is 6,424 (Source: 2017 U.S. Census Bureau estimate).

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Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns of Canajoharie, Carlisle, Charleston, Minden, Palatine, Root and Sharon. The majority of the School District is located within the Counties of Montgomery and Schoharie. The figures set below with respect to such Towns and Counties are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties are necessarily representative of the School District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2013-2017	2000	2006-2010	2013-2017
Towns of:						
Canajoharie	$ 16,702	$ 22,109	$ 23,753	$ 39,646	$ 62,073	$ 54,856
Carlisle	17,767	24,500	29,968	48,095	69,567	65,529
Charleston	16,818	22,838	33,936	45,221	67,083	71,146
Minden	15,099	20,320	19,851	33,654	42,500	46,855
Mohawk	17,896	22,843	31,741	43,700	58,056	66,458
Palatine	17,416	19,149	24,040	40,284	52,321	69,750
Root	16,206	23,568	22,310	41,927	53,750	53,269
Sharon	18,639	24,343	25,946	40,417	54,972	56,761
Counties of:						
Montgomery	17,005	22,347	25,307	40,688	53,476	58,912
Schoharie	17,778	25,105	26,953	43,118	61,828	64,716
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

Note: 2014-2018 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2013-2017 American Community Survey data.

Larger Employers

Some of the larger employers located within Montgomery County (and in close proximity to the District) and the estimated number of persons employed by each are as follows:

Employer	Nature of Business	Number of Employees
St. Mary's Hospital	Hospital	1,447
Kasson & Keller/Keymark Corporation	Aluminum Extrusions	795
Liberty Enterprises	Food Processing, Cleaning Agents	675
Target	Warehouse	662
Greater Amsterdam School District	School District	520
Montgomery County	Social Service, Etc.	388
Amsterdam Printing & Litho (Holland USA)	Printing, Adv. Specialties	376
HFM BOCES	Education	335
Beech Nut Nutrition Corporation	Baby Food, Juice and Cereal Processing	276
WalMart	Retail	236
Richardson Brands	Candy Manufacturing	177 (1)
Hill & Markes	Paper Products, Supplies	161
LaSalle Labs	Plastic Products	100 (1)
W.W. Custom Clad	Metal Finishing	100 (1)

(1) Business located within District.

Source: Montgomery County Planning Department.

Source: District officials.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the Counties of Montgomery and Schoharie. The information set forth below with respect to the Counties and the State is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the Counties and the State, are necessarily representative of the District, or vice versa.

	Annual Average						
	2012	2013	2014	2015	2016	2017	2018
Montgomery County	10.4%	9.2%	7.5%	6.6%	5.7%	5.7%	5.1%
Schoharie County	9.2%	8.1%	6.7%	5.8%	5.4%	5.5%	4.8%
New York State	8.5%	7.7%	6.3%	5.3%	4.9%	4.7%	4.1%

	2019 Monthly Figures					
	Jan	Feb	Mar	Apr	May	June
Montgomery County	5.9%	5.9%	5.6%	4.6%	N/A	N/A
Schoharie County	6.2%	5.9%	5.3%	4.1%	N/A	N/A
New York State	4.6%	4.4%	4.1%	3.6%	N/A	N/A

Note: Unemployment rates for May and June 2019 are unavailable as of the date of this Official Statement.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of School Government

The Board of Education (the "Board") which is the policy-making body of the School District, consists of five members with overlapping five-year terms so that as nearly as possible, an equal number is elected to the Board each year. Each Board member must be a qualified voter for the School District and no Board member may hold certain other School District offices or positions while serving on the Board. The President and the Vice President are selected by the Board members.

The administrative officers of the School District duty it is to implement the policies of the Board and supervise the operation of the school system

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

Pursuant to Chapter 97, beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "District Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the District Tax Cap must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Vote Results

The budget for the 2018-19 fiscal year was approved by the qualified voters on May 15, 2018 with a vote of 182 to 65. The budget for 2018-19 remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 with a vote of 161 to 93. The District’s adopted budget for the 2019-2020 fiscal year will remain within the Tax Cap imposed by Chapter 97. The tax increase is 3.5%, which is equal to the limit of 3.5%.

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2019-2020 fiscal year, approximately 63.9% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Potential reductions in Federal aid received by the State.

The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State’s current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

The State's Enacted 2019-2020 Budget continues to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by $850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Building aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2019-2020 preliminary building aid ratios, the District expects to receive State building aid of approximately 88.2% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State aid history

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

School district fiscal year (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District was not part of the Community Schools Grant Initiative (CSGI).

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $3,918,739. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-2019.

School District fiscal year (2019-2020): The 2019-20 Enacted Budget provides for school aid of approximately $27.69 billion, an increase of more than $1 billion in school aid spending from 2018-19. The 2019-20 Enacted Budget will provide additional funding for Foundation Aid, including increased set aside funding for Community Schools. The 2019-20 Enacted Budget also continues initiatives implemented in previous years including funding for the State's prekindergarten programs, the Empire State After School program and the $2 billion Smart Schools Bond Act. The 2019-20 Enacted Budget also contains provisions on the State's first ever collection and reporting of school-level financial data by requiring school districts to dedicate a portion of their Foundation Aid increases to address inequities in their most underfunded, neediest schools.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

Fiscal Year	Total State Aid	Total Revenues	Percentage of Total Revenues Consisting of State Aid
2013-2014	$ 11,777,894	$ 18,935,258	62.20%
2014-2015	12,100,842	19,461,949	62.18
2015-2016	12,989,248	20,441,103	63.54
2016-2017	13,414,295	21,276,434	63.05
2017-2018	13,422,368	20,983,248	63.97
2018-2019 (Budgeted)	13,666,930	21,179,153	64.53
2019-2020 (Budgeted)	13,860,664	21,706,647	63.85

Source: 2013-2014 through and including the 2017-2018 Audited financial statement of the District and the adopted budgets of the District for the 2018-2019 and 2019-2020 fiscal years. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
East Hill School	1-5	500	1951
Canajoharie Middle School	6-8	300	1951, '98
Canajoharie High School	9-12	710	1999

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2014-15	995	2019-20	930
2015-16	977	2020-21	930
2016-17	967	2021-22	930
2017-18	965	2022-23	930
2018-19	930	2023-24	930

Source: District officials.

Employees

The District employs a total of 124 full-time and 25 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
86	C.U.S.E – Instructional Staff	June 30, 2021 [1]
63	C.U.S.E – Support Staff	June 30, 2022 [1]

[1] Salaries have been negotiated, other items have not.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State’s pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2018-2019 and 2019-2020 fiscal years are as follows:

Year	ERS	TRS
2013-2014	$ 369,007	$ 1,088,387
2014-2015	289,875	1,040,656
2015-2016	391,025	905,820
2016-2017	313,327	854,135
2017-2018	348,613	661,090
2018-2019 (Budgeted)	375,000	875,000
2019-2020 (Budgeted)	375,000	880,000

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District offers an incentive of a 403b contribution in the amount of $25,000 for teachers and $15,000 for support. Two employees took this incentive in June 2018, with approximate savings of $15,000 and four will receive the incentive for fiscal year 2019, with savings to be determined.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2014-15 to 2019-20) is shown below:

Fiscal Year	ERS	TRS
2014-15	20.1%	17.53%
2015-16	18.2	13.26
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86*

* Estimated. The final rate will be adopted by the NYSTRS Board at its July 31, 2019 meeting.

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District’s employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems (“UAALs”). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the School District has not yet determined whether it will establish such a fund.

Other Post Employee Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits (“OPEB”) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District’s to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

Summary of Changes from the Last Valuation. The District contracted with Capital Region BOCES to calculate its first actuarial valuation under GASB 75 for the fiscal year ending June 30, 2018. Prior valuations performed under GASB 45 guidelines have not been restated and are not reflected in historic exhibits.

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Balance at June 30, 2017:	$ 40,720,193
Changes for the year:	
Service cost	823,968
Interest	1,440,022
Differences between expected and actual experience	-
Changes of benefit terms	-
Changes in assumptions	(2,036,010)
Benefit payments	(992,246)
Net Changes	(764,266)
Balance at June 30, 2018:	$ 39,955,927

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

GASB 45. Prior to GASB 75, GASB Statement No. 45 ("GASB 45"), required municipalities and school districts to account for OPEB liabilities much like they already accounted for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covered accounting for pensions, GASB 45 did not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") was determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 did not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

The District had contracted with Capital Region BOCES to calculate its OPEB in accordance with GASB 45. Based on actuarial valuations, the following tables show the components of the District's annual OPEB cost, the amount actuarially contributed to the plan, changes in the District's net OPEB obligation and funding status for the fiscal years ended June 30, 2016 and June 30, 2017:

Annual OPEB Cost and Net OPEB Obligation:	***2016***	***2017***
Annual required contribution (ARC)	$ 1,701,002	$ 1,645,598
Interest on net OPEB obligation	261,750	311,193
Adjustment to ARC	(196,074)	(233,112)
Annual OPEB cost (expense)	1,766,678	1,723,679
Contributions made	(777,799)	(822,182)
Increase in net OPEB obligation	988,879	901,497
Net OPEB obligation - beginning of year	5,234,990	6,223,869
Net OPEB obligation - end of year	$ 6,223,869	$ 7,125,366
Percentage of annual OPEB cost contributed	44.03%	47.70%
Funding Status:		
Actuarial Accrued Liability (AAL)	$ 28,557,678	$ 26,072,159
Actuarial Value of Assets	0	0
Unfunded Actuarial Accrued Liability (UAAL)	$ 28,557,678	$ 26,072,159
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

Note: The above tables are not audited.

The aforementioned liability and ARC were recognized and disclosed in accordance with GASB 45 standards in the District's past audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved $0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2018 and is attached hereto as "APPENDIX – D". The audited report for the fiscal year ending June 30, 2019 is expected to be available August 30, 2019. Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

Unaudited Results for Fiscal Year Ending June 30, 2019

The District expects to end the fiscal year ending June 30, 2019 with a cumulative unassigned fund balance of $1,039,200.

Summary unaudited information for the General Fund for the period ending June 30, 2019 is as follows:

Revenues:	$ 22,210.870
Expenditures:	22,383,302
Excess (Deficit) Revenues Over Expenditures:	$ (172,432)
Total General Fund Balance at June 30, 2018:	$ 5,569,087
Total Estimated General Fund Balance at June 30, 2019:	$ 5,396,655

Note: These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the District on April 1, 2016. The purpose of the audit was to determine if the Board adopted realistic budgets and properly managed fund balance and reserves and if District officials properly managed extra-classroom activity funds for the period July 1, 2014 through August 31, 2015.

Key Findings:

- The 2012-13, 2013-14 and 2014-15 adopted budgets overestimated appropriations by a total of $3.2 million (5 percent) over these years.
- The District's retirement contribution reserve was overfunded by more than $445,000 (33 percent) as of June 30, 2015.
- The District's unrestricted fund balance has been in excess of the limits established by New York State Real Property Tax Law, ranging from 6.9 percent to 8.3 percent of the ensuing year's appropriations.
- Duplicate press-numbered receipts or sales reports were not remitted to the central treasurer and adequate profit and loss statements showing fundraising profitability were not completed.
- Student treasurers did not maintain independent ledgers documenting collections and disbursements.

Key Recommendations:

- Adopt budgets with realistic estimates for expenditures to finance operations.
- Ensure the balance retained in the District's retirement contribution reserve is reasonable.
- Reduce excess fund balance to stay within the legal limits.
- Ensure that the central treasurer receives supporting documentation for all activity fund cash receipts that are remitted to her for deposit and that student treasurers complete profit and loss statements in a timely manner to determine the profitability of all fundraising activities.
- Ensure that student treasurers maintain independent ledgers showing all receipts and disbursements.

The District provided a complete response to the State Comptroller's office on March 25, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptrollers audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "Significant Fiscal Stress", in "Moderate Fiscal Stress," as "Susceptible to Fiscal Stress" or "No Designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "No Designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past four fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2018	No Designation	13.3%
2017	No Designation	0.0%
2016	No Designation	0.0%
2015	No Designation	0.0%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein.

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TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Canajoharie	$ 112,250,022	$ 112,206,766	$ 177,457,070	$ 178,734,083	$ 175,807,233
Carlisle	1,041,383	1,037,586	1,043,240	1,017,800	1,017,214
Charleston	2,268,256	2,356,525	2,372,757	2,392,159	2,446,416
Minden	753,752	754,536	987,209	980,439	1,034,390
Mohawk	1,611,429	1,542,936	1,494,309	1,476,341	1,473,148
Palatine	47,339,906	47,971,878	48,248,624	47,921,943	47,007,406
Root	81,428,485	84,039,997	84,781,262	86,303,737	88,295,461
Sharon	36,096	36,790	36,820	39,342	39,253
Total Assessed Values	$ 246,729,329	$ 249,947,014	$ 316,421,291	$ 318,865,844	$ 317,120,521
State Equalization Rates					
Towns of:					
Canajoharie	61.00%	61.00%	100.00%	100.00%	100.00%
Carlisle	81.50%	80.00%	81.00%	79.00%	76.00%
Charleston	100.00%	100.00%	100.00%	100.00%	95.00%
Minden	100.00%	100.00%	100.00%	100.00%	100.00%
Mohawk	100.00%	106.57%	109.03%	100.00%	98.24%
Palatine	56.00%	56.00%	51.75%	58.00%	55.00%
Root	100.00%	100.00%	100.00%	100.00%	95.00%
Sharon	81.50%	80.00%	81.00%	79.00%	76.00%
Total Taxable Full Valuation	$ 355,935,958	$ 359,551,428	$ 361,536,310	$ 353,848,953	$ 360,717,027

Tax Rates Per $1,000 Assessed

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Towns of:					
Canajoharie	$ 31.64	$ 31.83	$ 19.31	$ 19.73	$ 19.74
Carlisle	23.68	24.27	23.84	24.98	25.98
Charleston	19.30	19.42	19.31	19.73	20.78
Minden	19.30	19.42	19.31	19.73	19.74
Mohawk	19.30	18.22	17.71	19.73	20.10
Palatine	34.47	34.68	37.32	34.02	35.90
Root	19.30	19.42	19.31	19.73	20.78
Sharon	23.68	24.27	23.84	24.98	25.98

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days and a 3% penalty is charged from November 1st to November 1st. On November 15th, uncollected taxes are returnable to Montgomery County for collection. The School District receives this amount from said County on April 1st, thereby assuring 100% tax collection annually. Tax sales are held annually by said County.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2015	2016	2017	2018	2019
Total Tax Levy	$ 6,870,395	$ 6,982,081	$ 6,982,081	$ 6,982,081	$ 7,121,723
Amount Uncollected (1)	723,487	679,634	733,198	788,871	594,823
% Uncollected	10.53%	9.73%	10.50%	11.30%	8.35%

(1) See "Tax Collection Procedure".

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the School District for each of the below completed fiscal years and budgeted figures comprised of Real Property Taxes & Tax Items.

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax and Tax Items
2013-2014	$ 18,935,258	$ 6,781,928	35.82%
2014-2015	19,461,949	6,916,481	35.54
2015-2016	20,441,103	7,026,023	34.37
2016-2017	21,276,434	7,037,189	33.08
2017-2018	20,983,248	7,060,437	33.65
2018-2019 (Budgeted)	21,179,153	7,174,333	33.87
2019-2020 (Budgeted)	21,706,647	7,420,983	34.19

Source: 2013-2014 through and including the 2017-2018 Audited financial statement of the District and the adopted budgets of the District for the 2018-2019 and 2019-2020 fiscal years. This table is not audited.

Larger Taxpayers 2018 for 2018-19 Tax Roll

Name	Type	Taxable Assessed Valuation
National Grid	Utility	$ 5,976,561
Iroquois Gas Trans System	Utility	3,272,831
Tennessee Gas Corporation	Utility	2,740,730
Mont County Industrial	Bank Complex	2,650,000
Canajo Manufacturing Company	Manufacturing	2,290,000
Dominion Transmission Inc.	Utility	2,191,505
Palatine Holding LLC	Shopping Center	2,100,000
DENCOS, LLC	Real Estate	1,676,500
Canajoharie Village	Utility-Water Trans	1,408,000

The larger taxpayers listed above have a total taxable assessed valuation of $24,306,127 which represents 7.66% of the tax base of the District.

The District does not currently have any pending or outstanding tax certioraris that are known to have a material impact on the District.

Note: The District has not been provided the 10th largest taxpayer as of the date of this Official Statement.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $88,050 or less in 2020, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $68,700 for the 2019-20 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the credit. Homeowners with STAR Adjusted Gross Income of $250,000 have the option. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Canajoharie	$ 68,700	$ 30,000	4/9/2019
Carlisle	52,210	22,800	4/9/2019
Charleston	65,270	28,500	4/9/2019
Minden	68,700	30,000	4/9/2019
Mohawk	67,490	29,470	4/9/2019
Palatine	37,790	16,500	4/9/2019
Root	65,270	28,500	4/9/2019
Sharon	52,210	22,800	4/9/2019

$1,185,244 of the District's $6,982,081 school tax levy for the 2017-18 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2018.

$1,162,840 of the District's $7,121,723 school tax levy for 2018-19 was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2019.

Additional Tax Information

Real property located in the School District is assessed by the Towns.

Senior Citizens' and Veterans' exemptions, including Cold War Veterans' are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-70%, Commercial-10%, Manufacturing-15% and Agricultural-5%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the School District is approximately $4,415 including State, County, Town, School District and the Village of Canajoharie Taxes.

TAX LEVY LIMITATION LAW

The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City).

Prior to the enactment of the Tax Levy Limitation Law, there was no statutory limitation on the amount of real property taxes that a school district could levy as part of its budget if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of four percent (4%) of the prior year's budget or one hundred twenty percent (120%) of the consumer price index ("CPI").

Chapter 97 requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt, including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings, including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and is an exclusion from the tax levy limitation, applicable to the Notes.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals. See also "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School districts budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance.

See "THE SCHOOL DISTRICT – Budgetary Procedures and Recent Budget Votes" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to contract indebtedness. Such constitutional limitations in summary form and as generally applicable to the District include the following:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining debt service is utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

The Local Finance Law also authorizes the District to issue revenue anticipation notes, in anticipation of the collection of a specific type of revenue, such as State aid.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

The Local Finance Law also provides that where a resolution authorizing the issuance of bonds or notes is published with a statutory form of notice, the validity of the bonds or notes authorized thereby, including revenue anticipation notes may be contested only if:

(1) (a) such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or

(b) if the provisions of the law which should be complied with as of the date of publication of this notice were not substantially complied with,

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of this notice; or

(2) Such obligations were authorized in violation of the provisions of the Constitution of New York.

The District has complied with this estoppel procedure in connection with the bond resolution under which the Notes are being issued.

The Board, as the finance board of the District, has the power to enact bond resolutions and revenue anticipation note resolutions. In addition, the Board has the power to authorize the sale and issuance of obligations. However, the Board may delegate the power to sell the obligations to the President of the Board, the chief fiscal officer of the District, pursuant to the Local Finance Law.

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

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Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2014	2015	2016 [1]	2017 [1]	2018 [1]
Bonds	$ 15,740,000	$ 14,420,000	$ 16,675,000	$ 15,135,000	$ 13,750,000
Bond Anticipation Notes	0	0	0	0	0
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 15,740,000	$ 14,420,000	$ 16,675,000	$ 15,135,000	$ 13,750,000

[1] On May 27, 2016, the School District issued $3,735,000 advance refunding serial bonds through the Dormitory Authority of the State of New York ("DASNY") to realize net present value and budgetary savings. The bonds refunded $3,815,000 outstanding principal of the District's 2009C series bonds and are included in the totals above. Debt service on the 2009C refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased. The refunded bonds will be redeemed as of their first call date on October 1, 2019.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 11, 2019:

Type of Indebtedness	Maturity		Amount
Bonds	2019-2031		$ 13,750,000 [1]
Bond Anticipation Notes	-		0
		Total Indebtedness	$ 13,750,000

[1] As of May 27, 2016, the District's 2009C DASNY bonds in the years 2021-2025 were advance refunded with $3,735,000 bonds issued through DASNY. The refunded and refunding bonds are included in the total above. $3,815,000 refunded bonds are outstanding and will be redeemed in full as of their first call date, October 1, 2019.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 11, 2019:

Full Valuation of Taxable Real Property			$ 360,717,027
Debt Limit 10% thereof			36,071,703
Inclusions:			
Bonds [1]	$ 13,750,000		
Principal of this Issue	3,787,152		
Total Inclusions		$ 17,537,152	
Exclusions:			
State Building Aid [2]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 17,537,152
Net Debt-Contracting Margin			$ 18,534,551
The percent of debt contracting power exhausted is			48.62%

[1] As of May 27, 2016, the District's 2009C DASNY bonds in the years 2021-2025 were advance refunded with $3,735,000 bonds issued through DASNY. The refunded and refunding bonds are included in the total above. $3,815,000 refunded bonds are outstanding and will be redeemed in full as of their first call date, October 1, 2019.

[2] Based on preliminary 2019-2020 building aid estimates, the District anticipates State Building aid of 88.2% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

A schedule of bonded debt service may be found in "APPENDIX – B" to this Official Statement.

Capital Project Financing Plans

On December 5, 2017, the District voters approved a $4,986,750 capital project for various reconstruction and improvements of District buildings and facilities. On March 12, 2019, District voters approved the use of $801,917 capital reserve funds for the project. The issuance of the Notes represents the first borrowing against said authorization.

The District anticipates issuing a lease purchase agreement for an energy performance contract in the amount of $2,822,087. Construction is anticipated to commence in summer 2019.

The District annually issues a 5-year lease purchase agreement for buses.

The District has no other authorized and unissued indebtedness for capital or other purposes.

Cash Flow Borrowings

The District has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past and has no future plans to do so.

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Montgomery	12/31/2016	$ 33,168,031	$ -	$ 33,168,031	10.76%	$ 3,568,880
Schoharie	12/31/2016	36,955,000	51,920	36,903,080	0.06%	22,142
Town of:						
Canajoharie	12/31/2016	304,512	-	304,512	94.69%	288,342
Carlisle	12/31/2016	-	-	-	1.33%	-
Charleston	12/31/2016	-	-	-	2.58%	-
Minden	12/31/2016	-	-	-	0.44%	-
Mohawk	12/31/2016	-	-	-	0.77%	-
Palatine	12/31/2016	-	-	-	51.15%	-
Root	12/31/2016	-	-	-	78.22%	-
Sharon	12/31/2016	-	-	-	0.04%	-
Village of:						
Canajoharie	5/31/2017	3,344,742	2,529,330	815,412	100.00%	815,412
					Total:	$ 4,694,776

(1) Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.
(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2017 Comptroller's Special Report for the Counties and Towns above are currently unavailable as of the date of this Continuing Disclosure Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2016 and 2017.

Debt Ratios

The following table sets forth certain ratios relating to the School District's indebtedness as of June 11, 2019:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 17,537,152	$ 2,729.94	4.86%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	22,231,928	3,460.76	6.16

[a] The current estimated population of the District is 6,424. (See "THE SCHOOL DISTRICT - Population" herein.)
[b] The District's full value of taxable real estate for 2018-19 is $360,717,027. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
[c] See "Debt Statement Summary" herein.
[d] Estimated net overlapping indebtedness is $4,694,776. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept For School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the School District may not be enforced by levy and execution against property owned by the School District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

No Past Due Debt. No principal of or interest on School District indebtedness is past due. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the School District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the School District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

The School District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the School District could have an impact upon the market price of the Notes. See “TAX LEVY LIMITATION LAW” herein.

Current and future legislative proposals, if enacted into law, or clarification of the Internal Revenue Code of 1986, as amended (the “Code”) or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See “TAX MATTERS” herein.

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX MATTERS

The Notes

Hodgson Russ LLP, of Albany, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Tax Requirements

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the tax compliance certificate and nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the “Tax Certificate”) establishes the requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1 The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code section 141;

2 The requirements contained in Code section 148 relating to arbitrage bonds; and

3 The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

In the Tax Certificate, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Bank Qualified

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Code section 265.

Other Impacts

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Future Legislation

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes

In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the Service.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Albany, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the statutory limitation imposed by the Tax Levy Limitation Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases. See "TAX LEVY LIMITATION LAW" herein.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth in the description of Bond Counsel's opinion above).

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs. The District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the District will enter into an Undertaking to Provide Notice of Certain Designated Events, the form of which is attached hereto as "APPENDIX – C".

Historical Compliance

On September 2, 2014, the District's bond rating was upgraded by Standard & Poor's from "A" with a stable outlook to "A+" with a stable outlook. Although the District was required to file with the Municipal Securities Rulemaking Board ("MSRB") notice of such rating within 10 business days, the District did not make such filing until April 1, 2016. On December 14, 2017, the District's enhanced bond rating was upgraded by Moody's Investors Service, Inc. from "A1" to "Aa3". Although the District was required to file with the MSRB notice of such rating within 10 business days, the District did not make such filing until March 5, 2018. The District has established procedures to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the MSRB established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System ("EMMA").

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

The Notes are <u>not</u> rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending the approval of the District and at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX - C" herein.).

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its underlying rating of "A+" with a stable to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. Any desired explanation of the significance of such rating should be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the outstanding bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Hodgson Russ LLP, Albany, New York, Bond Counsel to the District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The School District contact information is as follows: Leah S. Schaffer, CPA, Director of Finance & Accounting, 136 Scholastic Way, Canajoharie, New York 13317, Phone: (607) 673-6340, Fax: (607) 673-4131, email: leah.schaffer@canjo.org

The District's Bond Counsel contact information is as follows: A. Joseph Scott III, Esq., Hodgson Russ LLP, 677 Broadway, Suite 301, Albany New York 12207, Phone: (518) 465-2333, Fax (518) 465-1567, email: ascott@hodgsonruss.com.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

Dated: June 11, 2019

DR. MARK BRODY
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2014	2015	2016	2017	2018
ASSETS					
Unrestricted Cash	$ 2,179,262	$ 2,214,155	$ 1,856,050	$ 2,193,124	$ 904,417
Restricted Cash	2,602,575	2,435,799	2,395,779	2,415,411	3,225,997
Taxes Receivable	-	-	-	-	-
Due from Fiduciary Funds	184,578	371,348	151,179	143,406	324,305
Due from Other Funds	657,711	493,791	860,010	805,004	1,060,531
State and Federal Aid Receivable	216,192	189,980	425,545	336,651	324,559
Due from Other Governments	776,824	894,123	1,167,225	1,181,068	1,072,126
Other Receivables	140	29,576	10,139	50,044	10,524
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	$ 6,617,282	$ 6,628,772	$ 6,865,927	$ 7,124,708	$ 6,922,459
LIABILITIES AND FUND EQUITY					
Accounts Payable / Accrued Liabilities	$ 162,821	$ 303,072	$ 519,581	$ 340,498	$ 429,389
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	7,269	-	-
Due to Fiduciary Funds	-	-	-	7,086	2,425
Deferred Revenues	5,750	4,415	3,654	32,636	4,804
Due to Retirement Systems	1,231,985	1,272,606	1,070,505	1,045,353	916,754
TOTAL LIABILITIES	$ 1,400,556	$ 1,580,093	$ 1,601,009	$ 1,425,573	$ 1,353,372
FUND EQUITY					
Reserved	$ 2,602,575	$ 2,435,799	$ 2,395,779	$ 2,415,411	$ 3,225,997
Unreserved:					
Appropriated	1,213,148	1,037,835	1,239,236	1,123,537	1,131,458
Unappropriated	1,401,003	1,575,045	1,629,903	2,160,187	1,211,632
TOTAL FUND EQUITY	$ 5,216,726	$ 5,048,679	$ 5,264,918	$ 5,699,135	$ 5,569,087
TOTAL LIABILITIES and FUND EQUITY	$ 6,617,282	$ 6,628,772	$ 6,865,927	$ 7,124,708	$ 6,922,459

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2013	2014	2015	2016	2017
REVENUES					
Real Property Taxes	$ 5,449,736	$ 5,526,240	$ 5,654,863	$ 5,763,264	$ 5,784,331
Real Property Tax Items	1,245,499	1,255,688	1,261,618	1,262,759	1,252,858
Charges for Services	59,121	103,616	18,963	166,573	166,749
Use of Money & Property	10,642	6,512	149,493	5,492	5,248
Sale of Property and Compensation for Loss	59,024	5,075	1,061	4,445	13,448
Miscellaneous	186,245	201,661	224,049	207,272	588,067
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	11,254,758	11,633,430	12,100,843	12,989,248	13,414,295
Revenues from Federal Sources	89,817	144,464	51,059	42,050	51,438
Total Revenues	$ 18,354,842	$ 18,876,686	$ 19,461,949	$ 20,441,103	$ 21,276,434
Other Sources:					
Interfund Transfers	58,572	58,572	-	-	-
Total Revenues and Other Sources	$ 18,413,414	$ 18,935,258	$ 19,461,949	$ 20,441,103	$ 21,276,434
EXPENDITURES					
General Support	$ 2,354,943	$ 2,573,719	$ 3,001,857	$ 2,890,150	$ 2,900,800
Instruction	8,482,589	8,542,598	8,947,775	9,607,180	9,984,196
Pupil Transportation	1,012,126	-	1,108,882	1,112,271	1,233,829
Community Services	-	1,015,382	-	-	-
Employee Benefits	3,866,032	4,334,319	4,416,877	4,467,865	4,555,200
Debt Service	2,151,113	2,154,325	2,139,201	2,116,280	2,128,338
Total Expenditures	$ 17,866,803	$ 18,620,343	$ 19,614,592	$ 20,193,746	$ 20,802,363
Other Uses:					
Interfund Transfers	39,850	113,927	15,404	31,118	39,854
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Expenditures and Other Uses	$ 17,906,653	$ 18,734,270	$ 19,629,996	$ 20,224,864	$ 20,842,217
Excess (Deficit) Revenues Over Expenditures	506,761	200,988	(168,047)	216,239	434,217
FUND BALANCE					
Fund Balance - Beginning of Year	4,508,976	5,015,738	5,216,726	5,048,679	5,264,918
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 5,015,737	$ 5,216,726	$ 5,048,679	$ 5,264,918	$ 5,699,135

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2018 Adopted Budget	2018 Final Budget	2018 Actual	2019 Adopted Budget	2020 Adopted Budget
REVENUES					
Real Property Taxes	$ 7,089,074	$ 5,849,074	$ 5,816,289	$ 7,121,723	$7,370,983
Real Property Tax Items	51,945	1,291,945	1,244,148	52,610	50,000
Charges for Services	100,500	115,500	116,314	58,000	64,500
Use of Money & Property	3,650	6,650	8,384	4,150	11,500
Sale of Property and Compensation for Loss	1,000	2,500	-	500	500
Miscellaneous	392,000	372,500	339,133	260,240	303,500
Interfund Revenues	-	-	-	-	
Revenues from State Sources	13,228,510	13,278,510	13,422,368	13,666,930	13,860,664
Revenues from Federal Sources	25,000	25,000	36,612	15,000	45,000
Total Revenues	$ 20,891,679	$ 20,941,679	$ 20,983,248	$ 21,179,153	$ 21,706,647
Other Sources:					
Estimated Fund Balance & Reserves	$ 0	$ 0	$ 0	$ 698,965	$ 770,313
Capital Project & Reserves	-	-	-	901,917	100,000
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	$ 20,891,679	$ 20,941,679	$ 20,983,248	$ 22,780,035	$ 22,576,960
EXPENDITURES					
General Support	$ 2,828,828	$ 3,363,594	$ 3,121,082	$ 2,830,231	$2,790,125
Instruction	10,612,022	10,518,592	10,240,578	10,802,987	10,777,685
Pupil Transportation	1,251,500	1,266,840	1,219,440	1,279,400	1,372,650
Community Services	-	-	-	-	
Employee Benefits	5,250,500	4,950,711	4,582,392	5,275,500	5,838,500
Debt Service	1,910,000	1,920,000	1,905,263	1,662,000	1,660,000
Total Expenditures	$ 21,852,850	$ 22,019,737	$ 21,068,755	$ 21,850,118	$ 22,438,960
Other Uses:					
Interfund Transfers	33,000	44,965	44,541	929,917	138,000
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Expenditures and Other Uses	$ 21,885,850	$ 22,064,702	$ 21,113,296	$ 22,780,035	$ 22,576,960
Excess (Deficit) Revenues Over Expenditures	(994,171)	(1,123,023)	(130,048)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	994,171	1,123,023	5,699,135	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 5,569,087	$ -	$ -

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2019	$ 1,205,000	$ 456,862.50	$ 1,661,862.50
2020	1,260,000	398,962.50	1,658,962.50
2021	1,310,000	347,512.50	1,657,512.50
2022	1,375,000	284,312.50	1,659,312.50
2023	1,390,000	218,112.50	1,608,112.50
2024	1,455,000	155,037.50	1,610,037.50
2025	715,000	84,600.00	799,600.00
2026	740,000	50,125.00	790,125.00
2027	95,000	14,925.00	109,925.00
2028	90,000	12,075.00	102,075.00
2029	100,000	9,375.00	109,375.00
2030	100,000	6,375.00	106,375.00
2031	100,000	3,250.00	103,250.00
TOTALS	$ 9,935,000	$ 2,041,525.00	$ 11,976,525.00

Note: The District issued $3,735,000 DASNY refunding serial bonds on May 27, 2016 to achieve budgetary and present value savings. The bonds listed above do not include $3,815,000 of refunded 2009C DASNY serial bonds which will be fully redeemed as of their call date on October 1, 2019. Debt service on these refunded bonds is being paid from a fully funded escrow account, and while not legally defeased, these bonds are considered economically defeased.

APPENDIX - B1
Canajohaire CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2014 Refunding of 2005 Bonds Principal	Interest	Total
2019	$ 75,000	$ 31,662.50	$ 106,662.50
2020	80,000	30,162.50	110,162.50
2021	80,000	28,562.50	108,562.50
2022	80,000	26,862.50	106,862.50
2023	85,000	25,062.50	110,062.50
2024	85,000	22,937.50	107,937.50
2025	85,000	20,600.00	105,600.00
2026	90,000	17,625.00	107,625.00
2027	95,000	14,925.00	109,925.00
2028	90,000	12,075.00	102,075.00
2029	100,000	9,375.00	109,375.00
2030	100,000	6,375.00	106,375.00
2031	100,000	3,250.00	103,250.00
TOTALS	$ 1,145,000	$ 249,475.00	$ 1,394,475.00

Fiscal Year Ending June 30th	2009 (1) DASNY - Capital Project Principal	Interest	Total	2009 (1) DASNY - Capital Project Principal	Interest	Total
2019	$ 630,000	$ 31,500.00	$ 661,500.00	$ 35,000	$ 1,750.00	$ 36,750.00
TOTALS	$ 630,000	$ 31,500.00	$ 661,500.00	$ 35,000	$ 1,750.00	$ 36,750.00

(1) The 2020-2025 maturities were advanced refunded with the proceedsof the 2016A DASNY Refunding Bonds. These bonds will be called and paid in full on October 1, 2019. The payments above represent the piece of the Bonds that remain the District's responsibility.

Fiscal Year Ending June 30th	2012 DASNY - Refunding Principal	Interest	Total	2016 DASNY - Refunding Principal	Interest	Total
2019	$ 460,000	$ 110,250.00	$ 570,250.00	$ 5,000	$ 171,450.00	$ 176,450.00
2020	485,000	98,750.00	583,750.00	695,000	171,300.00	866,300.00
2021	510,000	86,625.00	596,625.00	720,000	145,700.00	865,700.00
2022	535,000	73,875.00	608,875.00	760,000	109,700.00	869,700.00
2023	560,000	60,500.00	620,500.00	745,000	72,050.00	817,050.00
2024	590,000	46,500.00	636,500.00	780,000	39,100.00	819,100.00
2025	620,000	31,750.00	651,750.00	10,000	500.00	10,500.00
2026	650,000	16,250.00	666,250.00	-	-	-
TOTALS	$ 4,410,000	$ 524,500.00	$ 4,934,500.00	$ 3,715,000	$ 709,800.00	$ 4,424,800.00

FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"EMMA" shall mean Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the Canajoharie Central School District, a school district of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of July 8, 2019.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Security" shall mean the Issuer's **$3,787,152 Bond Anticipation Notes, 2019**, dated July 8, 2019, maturing July 8, 2020, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Security, to provide or cause to be provided either directly or through Fiscal Advisors & Marketing, Inc., 120 Walton Street, Suite 600 Syracuse, New York, to EMMA, or any successor thereto, in an electronic format as prescribed by the MSRB in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Security:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer; or

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with its terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of the Security, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of July 8, 2019.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

By: /s/:

President of the Board of Education

CANAJOHARIE CENTRAL SCHOOL DISTRICT
MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

JUNE 30, 2018

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

JUNE 30, 2018

CONTENTS

WEST & COMPANY
CPAs PC

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Canajoharie Central School District (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Canajoharie Central School District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

97 North Main St., PO Box 1219, Gloversville, NY 12078-0354 • 60 Railroad Place, Suite 302, Saratoga Springs, NY 12866
www.westcpapc.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress other post-employment benefits and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 11 and pages 47 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 52 through 53, as described in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated October 2, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2018

CANAJOHARIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2018. This section is a summary of the School District's financial activities based on currently known facts, decisions or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The Canajoharie Central School District continues to exercise strategic management of the District's resources. Therefore, management believes that the District has the capacity to continue to adjust to the unpredictable nature of inequity in state aid distribution and the uncertainty of federal funding, while minimizing the effect upon the District's taxpayers.

The District continues to offer all curricular programs and student services. The District has been able to maintain curricular, music, art, and sports programs and enhance the learning experience through technology upgrades. This has been possible because of the strict management over other expenditures such as health insurance costs and utilities.

Although the District's unassigned fund balance is over the 4% legal limit, resources have been placed in several reserves, including the Capital Reserve for Bus Replacement and the Retirement Contribution Reserve. Management is actively working to reduce the unassigned fund balance and believes that allocating money to the reserves is important in planning for the unforeseeable future and the state aid reductions that might occur.

The District has budgeted a tax levy increase at or under the tax levy cap every year since the implementation of the tax cap. For the 2017-2018 and 2016-2017 fiscal years the tax levy increase is 0%, compared to 1.6% for the two prior years. For the 2013-2014 school year, the District was able to use a portion of the fund balance and only impose a 2% tax levy increase. Under the tax levy cap for the 2012-2013 school year, the District enacted a 2.5% tax levy increase.

The Teacher's Retirement and Employees Retirement contributions have decreased compared to significant increases over the last several years.

The District's facilities are in solid working order. The District no longer has any local debt for the new high school that was opened in 2001. The EXCEL project was completed in 2010-2011 and the District voters approved a new $4.9 million capital project that includes heating system and roof upgrades, safety and security upgrades, and some small repairs and maintenance on all three buildings.

The District has taken advantage of every opportunity to refund bonds. In May, 2016, a refunding was done that resulted in a savings of approximately $100,000 over the next ten years. This is in addition to other refundings: one in October, 2014 resulting in a savings of $95,000 and one in 2012 with a savings of approximately $100,000.

Canajoharie Central School District continues to be a member of the ONC BOCES Shared Business Office and uses the shared services offered to the District. This provides segregation of duties and streamlines certain business office functions. Currently the District shares a food service coordinator and a Curriculum Coach through BOCES and utilizes HFM BOCES for other shared teachers and positions. The District also cuts costs by continuing to share sports programs and transportation with other neighboring districts.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

The first two statements are *District-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements. The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term,* as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as instruction and special education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how it has changed. Net position – the difference between the School District's assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District's financial health or *position.*

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:

  - Net investment in capital assets.
  - Restricted net position are those with constraints placed on use by external sources or imposed by law.
  - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.

- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.

- Fiduciary Fund: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2018	Fiscal Year 2017	% Change (Incr.: - Decr.)
Assets			
Current and other assets	$ 7,561,286	$ 7,537,147	0.3%
Capital assets	26,141,540	27,118,916	-3.6%
Total Assets	33,702,826	34,656,063	-2.8%
Deferred Outflows of Resources	5,079,280	4,965,936	2.3%
Liabilities			
Current liabilities	744,634	580,751	28.2%
Long-term liabilities	51,160,505	20,739,043	146.7%
Total Liabilities	51,905,139	21,319,794	143.5%
Deferred Inflows of Resources	4,229,972	1,099,156	284.8%
Net Position			
Net investment in capital assets	15,496,303	14,999,899	3.3%
Restricted	3,406,250	2,595,208	31.3%
Unrestricted	(36,255,558)	(392,058)	-9147.5%
Total Net Position	$(17,353,005)	$ 17,203,049	-200.9%

Changes in Net Position

The School District's 2018 revenue was $22,825,831 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 25.5% and 58.7%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled $23,787,058 for 2018. These expenses (76.9%) are predominantly for the education; supervision and transportation of students (see Table A-5). The School District's administrative and business activities accounted for 18.8% of total costs.

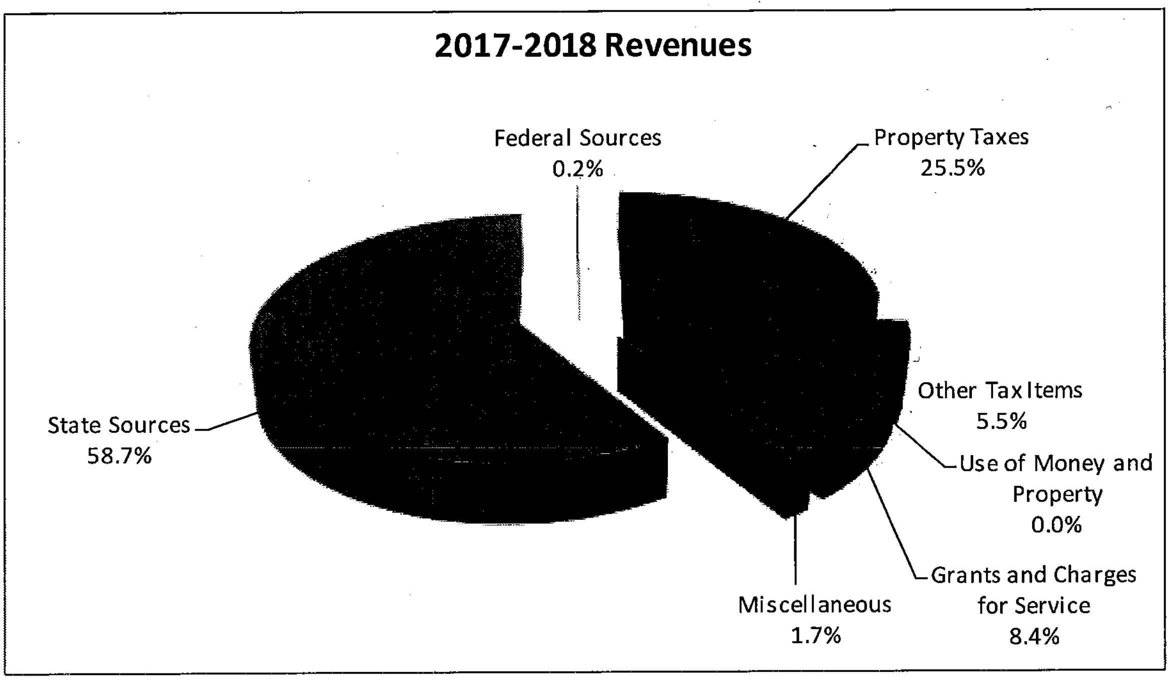
Net position decreased during the year by $961,227.

Table A-3

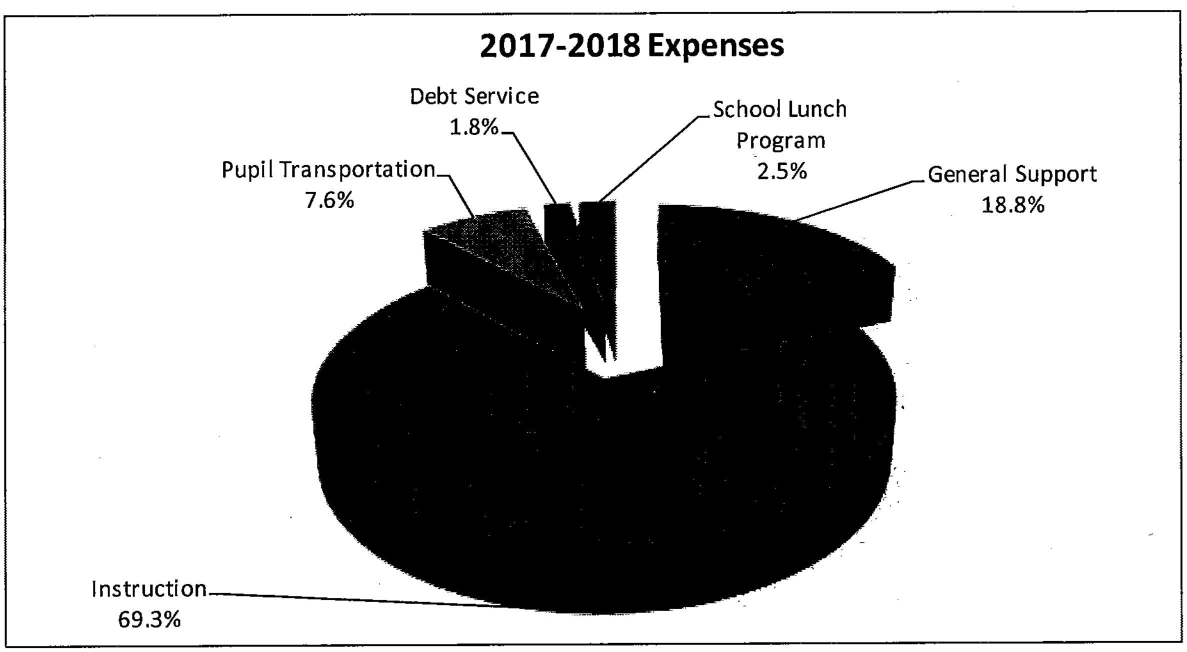
Changes in Net Position from Operating Results

	Fiscal Year 2018	Fiscal Year 2017	% Change (Incr.: - Decr.)
Revenues			
Program Revenues			
Charges for services	$ 141,922	$ 261,658	-45.8%
Operating grants and contributions	1,777,187	1,338,358	32.8%
General Revenues			
Property taxes	7,060,437	7,037,189	0.3%
State formula aid	13,422,368	13,414,295	0.1%
Federal sources	36,612	51,438	-28.8%
Use of money and property	8,848	5,847	51.3%
Sale of property and compensation for loss	0	13,448	-100.0%
Miscellaneous	378,457	627,601	-39.7%
Total Revenues	22,825,831	22,749,834	0.3%
Expenses			
General support	4,460,586	4,205,844	6.1%
Instruction	16,492,617	15,937,625	3.5%
Transportation	1,798,261	1,819,616	-1.2%
Debt service	431,483	499,558	-13.6%
Cost of sales – Lunch Program	604,111	504,778	19.7%
Total Expenses	23,787,058	22,967,421	3.6%
Total (Decrease) in Net Position	$ (961,227)	$ (217,587)	-341.8%

REVENUES – TABLE A–4



EXPENDITURES – TABLE A–5



Governmental Activities

Revenue for the School District's governmental activities totaled $22,825,831 while total expenses were $23,787,058, therefore, net position decreased by $961,227.

Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2018	2017	(Incr.: -Decr.)	2018	2017	(Incr.: -Decr.)
General support	$ 4,460,586	$ 4,205,844	6.1%	$ 4,460,586	$ 4,205,844	6.1%
Instruction	16,492,617	15,937,625	3.5%	15,021,944	14,725,800	2.0%
Pupil transportation	1,798,261	1,819,616	-1.2%	1,798,261	1,819,616	-1.2%
Debt service - interest	431,483	499,558	-13.6%	431,483	499,558	-13.6%
Cost of sales - lunch program	604,111	504,778	19.7%	155,675	116,587	33.5%
Totals	$23,787,058	$22,967,421		$21,867,949	$21,367,405	

- The cost of all governmental activities for the year was $23,787,058.
- The users of the School District's programs financed $141,922 of the costs.
- The federal and state government grants financed $1,777,187.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of $5,574,758. The 2017-2018 decrease in overall fund balance was $336,285. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets and the current payments for debt, including the principal and interest payment.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

The General Fund is the only fund for which a budget is legally adopted.

Revenue Variances

- State Aid – The District received a one-time Bullet Aid payment of $50,000 for security upgrades and received higher than budgeted transportation aid.

Expenditure Variances

- Employee Benefits – Expenses were less than the budgeted amount due to budgeting for unanticipated increases in the number of staff who participate in District sponsored health and dental plans. Also, Teachers Retirement expenses were less than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2018, the School District had $26,141,540 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation)

	Fiscal Year 2018	Fiscal Year 2017
Land	$ 391,626	$ 391,626
Buildings	23,713,811	24,948,607
Improvements other than buildings	1,192,430	1,087,023
Construction in progress	178,819	0
Furniture and equipment	664,854	691,660
Totals	$ 26,141,540	$ 27,118,916

Long-Term Debt

As of June 30, 2018, the School District had $49,979,442 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding Long-Term Debt

	Fiscal Year 2018	Fiscal Year 2017
General obligation bonds (financed with property taxes)	$ 9,935,000	$ 11,320,000
Other debt	40,044,442	7,213,658
Totals	$ 49,979,442	$ 18,533,658

FACTORS BEARING ON THE DISTRICT'S FUTURE

As a small rural school district, Canajoharie Central School District's future is largely dependent on the fiscal status of the State of New York and the impact it has on state aid to public schools. State aid makes up almost 60% of the District's annual resources. The implementation of the tax levy cap continues to impact the future potential of the District to raise adequate funds to close the gap between state aid revenue and District expenditures. The continued addition of unfunded mandates such as the revised 3012-d APPR evaluation system, staff attendance records, and the Affordable Care Act requirements, redirect resources that were previously applied directly to students. The District continues to manage these requirements through staff attrition, reducing expenditures and strategic use of our fund balance. State aid must be distributed equitably if the District is to maintain the present educational offerings. An additional factor is the sale of the Beechnut Plant to a steel manufacturer. There has been no progress with this property and the loss of tax revenue of $181,000 will be shifted to other taxpayers.

Enrollment is declining. The District graduated a class of 68 students in June, 2017, while the 2017-2018 kindergarten enrollment is 59 students. This decline is due to people moving out of the area. Since state aid is driven by enrollment, this will decrease the District's state aid in the future. The impact of the tax levy cap over the long term adds additional uncertainty to the fiscal picture. The District will need to continue to refine and extend long range fiscal planning to mitigate future uncertainty.

The District continues to explore ways that it can save money by combining forces with neighboring Districts. It shares several interscholastic sports teams with Fort Plain, including swimming, wrestling, cross-country running and football. It conducts a drama program with Fort Plain. The District shares an athletic director with Mayfield Central School. These efforts will likely expand into other areas as well. In 2015, the District negotiated a change in retiree health insurance that will net an increasing savings over the next 20 years.

Overall, the District's immediate future looks relatively stable. The long-range outlook depends on how the State of New York addresses the inequity in the school funding formula.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Canajoharie Central School District
Deborah P. Grimshaw, Superintendent
136 Scholastic Way
Canajoharie, New York 13317

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2018

ASSETS	
Cash	
Unrestricted	$ 967,474
Restricted	3,406,250
Receivables	
State and Federal aid	1,444,329
Due from fiduciary funds	324,305
Due from other governments	1,072,126
Other receivables	14,083
Inventories	7,579
Net pension asset - proportionate share	325,140
Capital assets, net of depreciation	26,141,540
Total Assets	33,702,826
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	5,079,280
Total Deferred Outflows of Resources	5,079,280
LIABILITIES	
Payables	
Accounts payable	661,193
Accrued liabilities	69,362
Due to fiduciary funds	2,425
Due to other governments	512
Unearned grant revenues	11,142
Long-term liabilities	
Due and payable within one year	
Due to Teachers' Retirement System	813,754
Due to Employees' Retirement System	103,000
Bonds payable	1,205,000
Due and payable after one year	
Bonds payable	8,730,000
Other post-employment benefits	39,955,927
Net pension liability - proportionate share	264,309
Compensated absences payable	88,515
Total Liabilities	51,905,139
DEFERRED INFLOWS OF RESOURCES	
Pensions	1,773,854
Other post-employment (health insurance) benefits	1,745,881
Deferred bond premium	710,237
Total Deferred Inflows of Resources	4,229,972
NET POSITION	
Net investment in capital assets	15,496,303
Restricted for:	
Reserve for employee benefit accrued liability	58,712
Reserve for debt service	180,253
Capital reserve	803,428
Capital reserve - buses	397,304
Repair reserve	63,598
Retirement contribution reserve	1,791,155
Unemployment insurance reserve	111,800
Unrestricted	(36,255,558)
Total Net Position	$ (17,353,005)

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 4,460,586	$ 0	$ 0	$ (4,460,586)
Instruction	16,492,617	(116,314)	(1,354,359)	(15,021,944)
Pupil transportation	1,798,261	0	0	(1,798,261)
Debt service	431,483	0	0	(431,483)
School lunch program	604,111	(25,608)	(422,828)	(155,675)
Total Functions and Programs	$ 23,787,058	$ (141,922)	$ (1,777,187)	(21,867,949)
GENERAL REVENUES				
Real property taxes				5,816,289
Other tax items				1,244,148
Use of money and property				8,848
Miscellaneous				378,457
State sources				13,422,368
Federal sources				36,612
Total General Revenues				20,906,722
CHANGE IN NET POSITION				(961,227)
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED				(16,391,778)
TOTAL NET POSITION - END OF YEAR				$ (17,353,005)

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 904,417	$ 29,119	$ 33,938	$ 0	$ 0	$ 967,474
Restricted	3,225,997	0	0	180,253	0	3,406,250
Due from other funds	1,060,531	0	13,265	0	0	1,073,796
Due from fiduciary funds	324,305	0	0	0	0	324,305
State and Federal aid receivable	324,559	1,087,685	32,085	0	0	1,444,329
Due from other governments	1,072,126	0	0	0	0	1,072,126
Other receivables	10,524	2,122	1,437	0	0	14,083
Inventories	0	0	7,579	0	0	7,579
TOTAL ASSETS	$ 6,922,459	$ 1,118,926	$ 88,304	$ 180,253	$ 0	$ 8,309,942
LIABILITIES						
Accounts payable	$ 360,284	$ 296,660	$ 4,249	$ 0	$ 0	$ 661,193
Accrued liabilities	69,105	0	257	0	0	69,362
Due to other funds	0	818,928	76,049	0	178,819	1,073,796
Due to fiduciary funds	2,425	0	0	0	0	2,425
Due to other governments	0	0	512	0	0	512
Due to Employees' Retirement System	103,000	0	0	0	0	103,000
Due to Teachers' Retirement System	813,754	0	0	0	0	813,754
Unearned revenue	4,804	3,338	3,000	0	0	11,142
Total Liabilities	1,353,372	1,118,926	84,067	0	178,819	2,735,184
FUND BALANCE						
Nonspendable - Inventory	0	0	7,579	0	0	7,579
Restricted						
Reserve for employee benefit accrued liability	58,712	0	0	0	0	58,712
Reserve for debt service	0	0	0	180,253	0	180,253
Capital reserve	803,428	0	0	0	0	803,428
Capital reserve - buses	397,304	0	0	0	0	397,304
Repair reserve	63,598	0	0	0	0	63,598
Retirement contribution reserve	1,791,155	0	0	0	0	1,791,155
Unemployment insurance reserve	111,800	0	0	0	0	111,800
Assigned	1,131,458	5,818	0	0	0	1,137,276
Unassigned	1,211,632	(5,818)	(3,342)	0	(178,819)	1,023,653
Total Fund Balance	5,569,087	0	4,237	180,253	(178,819)	5,574,758
TOTAL LIABILITIES AND FUND BALANCE	$ 6,922,459	$ 1,118,926	$ 88,304	$ 180,253	$ 0	$ 8,309,942

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

JUNE 30, 2018

Total balance - governmental funds balance sheet (page 14)	$	5,574,758
Add:		
Land, building and equipment, net of accumulated depreciation		26,141,540
Pensions		5,079,280
Net pension asset - proportionate share		325,140
Total		31,545,960
Deduct:		
Compensated absences		88,515
Other post-employment (health insurance) benefits		41,701,808
Deferred bond premium		710,237
Pensions		1,773,854
Net pension liability - proportionate share		264,309
Long-term bonds payable		9,935,000
Total		54,473,723
NET POSITION, GOVERNMENTAL ACTIVITIES	$	(17,353,005)

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
REVENUES						
Real property taxes	$ 5,816,289	$ 0	$ 0	$ 0	$ 0	$ 5,816,289
Other tax items	1,244,148	0	0	0	0	1,244,148
Charges for services	116,314	0	0	0	0	116,314
Use of money and property	8,384	0	8	456	0	8,848
Miscellaneous	339,133	0	39,324	0	0	378,457
State sources	13,422,368	763,535	11,649	0	0	14,197,552
Federal sources	36,612	590,824	396,877	0	0	1,024,313
Surplus food	0	0	14,302	0	0	14,302
Sales - school lunch	0	0	25,608	0	0	25,608
Total Revenues	20,983,248	1,354,359	487,768	456	0	22,825,831
EXPENDITURES						
General support	3,121,082	0	0	0	0	3,121,082
Instruction	10,240,578	1,299,344	0	0	0	11,539,922
Pupil transportation	1,219,440	38,807	0	0	0	1,258,247
Employee benefits	4,582,392	45,749	13,735	0	0	4,641,876
Debt service						
Principal	1,385,000	0	0	0	0	1,385,000
Interest	520,263	0	0	0	0	520,263
Cost of sales	0	0	516,907	0	0	516,907
Capital outlay	0	0	0	0	178,819	178,819
Total Expenditures	21,068,755	1,383,900	530,642	0	178,819	23,162,116
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(85,507)	(29,541)	(42,874)	456	(178,819)	(336,285)
OTHER FINANCING SOURCES AND USES						
Operating transfers in	0	29,541	15,000	0	0	44,541
Operating transfers (out)	(44,541)	0	0	0	0	(44,541)
Total Other Sources (Uses)	(44,541)	29,541	15,000	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	(130,048)	0	(27,874)	456	(178,819)	(336,285)
FUND BALANCE - BEGINNING OF YEAR	5,699,135	0	32,111	179,797	0	5,911,043
FUND BALANCE - END OF YEAR	$ 5,569,087	$ 0	$ 4,237	$ 180,253	$ (178,819)	$ 5,574,758

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

REVENUES - STATEMENT OF ACTIVITIES		$ 22,825,831
EXPENDITURES	$ 23,162,116	
Add:		
Depreciation	1,346,407	
Increase in other post-employment (health insurance) benefits	981,615	
Pensions	139,508	
Increase in compensated absences	223	
	2,467,753	
Deduct:		
Change in fixed assets	369,031	
Amortization of bond premium	88,780	
Principal payments of long-term debt (net)	1,385,000	
	1,842,811	
EXPENDITURES - STATEMENT OF ACTIVITIES		23,787,058
CHANGE IN NET POSITION		$ (961,227)

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Private Purpose Trust	Agency
ASSETS		
Cash	$ 62,197	$ 403,682
Investments - market value	973,480	0
Due from governmental funds	0	2,425
Total Assets	$ 1,035,677	$ 406,107
LIABILITIES		
Due to governmental funds	$ 0	$ 324,305
Extraclassroom activity balances	0	67,574
Other liabilities	0	14,228
Total Liabilities	0	$ 406,107
NET POSITION		
Reserved for scholarships	$ 1,035,677	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2018

ADDITIONS	
Investment earnings	$ 42,017
Gifts and contributions	159,870
Unrealized gain (loss)	15,880
Total additions	217,767
DEDUCTIONS	
Fiduciary fees	5,138
Other expenses	459
Scholarships and awards	152,603
Total deductions	158,200
CHANGE IN NET POSITION	59,567
NET POSITION - BEGINNING OF YEAR	976,110
NET POSITION - END OF YEAR	$ 1,035,677

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Canajoharie Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The Canajoharie Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls, all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District's reporting entity.

i) The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Joint Venture

The District is one of 15 component districts in the Hamilton, Fulton and Montgomery Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $2,988,814 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued $-0- of serial bonds on behalf of BOCES. As of year end, the District had outstanding BOCES debt of $-0-.

The District's share of BOCES aid amounted to $1,072,126.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Funds Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Funds Statements – (Continued)

The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

Special Aid Funds – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Capital Projects Fund – These funds are used to account for financial resources used for acquisition, construction or major repair of capital facilities.

Debt Service Fund – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of the related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Fund – Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District and are not available to be used. There are two classes of fiduciary funds.

i) **Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

ii) **Agency Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting – (Continued)

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is apportioned by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties of Montgomery and Schoharie. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G. Interfund Transactions – (Continued)

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts.

Investments are stated at fair value.

J. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these nonliquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 2,500	Straight-line	40
Building improvements	2,500	Straight-line	50
Furniture and equipment	2,500	Straight-line	20
Vehicles	2,500	Straight-line	10
Computer equipment	2,500	Straight-line	5

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2018 for ERS and June 30, 2017 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
District's proportionate share of the net pension asset (liability)	$ (264,309)	$ 325,140
District's portion of the Plan's total net pension asset (liability)	0.0081894%	0.042776%
Change in proportion since the prior measurement date	0.0006996%	0.000175%

For the year ended June 30, 2018, the District's recognized pension expense of $348,613 for ERS and $661,090 for TRS. At June 30, 2018 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	**TRS**	**ERS**	**TRS**
Differences between expected and actual experience	$ 94,271	$ 267,510	$ 77,902	$ 126,768
Changes of assumptions	175,259	3,308,359	0	0
Net difference between projected and actual earnings on pension plan investments	383,889	0	757,758	765,798
Changes in proportion and differences between the District's contributions and proportionate share of contributions	81,454	4,448	7,477	38,151
District's contributions subsequent to the measurement date	103,000	661,090	0	0
Total	$ 837,873	$ 4,241,407	$ 843,137	$ 930,717

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended:	ERS	TRS
2019	$ 78,085	$ 871,751
2020	68,752	622,832
2021	(177,892)	151,957
2022	(77,210)	621,010
2023	0	310,348
Thereafter	0	0

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Actuarial valuation date	April 1, 2017	June 30, 2016
Interest rate	7.0%	7.25%
Salary scale	3.8%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's experience	July 1, 2009 – June 30, 2014 System's experience
Inflation rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 through March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS	TRS
Measurement date	March 31, 2018	June 30, 2017
Asset type		
Domestic equity	4.55%	5.90%
International equity	6.35	7.40
Real estate	5.55	4.30
Domestic fixed income securities	0	1.60
Global fixed income securities	0	1.30
High-yield fixed income securities	0	3.90
Mortgages	0	2.80
Short-term	0	0.60
Private equity/alternative investments	7.50	9.00
Absolute return strategies	3.75	0
Opportunistic portfolio	5.68	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.25	0
Real assets	5.29	0

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.0% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.25% for TRS) or 1 percentage point higher (8.0% for ERS and 8.25% for TRS) than the current rate:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – (Continued)

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	$ (1,999,837)	$ (264,309)	$ 1,203,877

TRS	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
District's proportionate share of the net pension asset (liability)	$ (5,601,193)	$ 325,140	$ 5,288,149

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in thousands)		
	ERS	TRS	Total
Measurement date	March 31, 2018	June 30, 2017	
Employers' total pension asset (liability)	$(183,400,590)	$(114,708,261)	$(298,108,851)
Plan fiduciary net position asset (liability)	180,173,145	115,468,360	295,641,505
Employers' net pension asset (liability)	(3,227,445)	760,099	(2,467,346)
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	98.24%	100.7%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2018 represent the projected employer contribution for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to $103,000.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October and November, 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2018 amount to $813,754.

Additional pension information can be found in Note 9.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

O. Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

P. Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially, all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Q. Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

The District had no short-term debt as of June 30, 2018.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S. Equity Classifications

District-Wide Statements

In the District-wide statements, there are three classes of net position:

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvement of those assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

ii) Restricted Net Position

Reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

iii) Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Funds Statements

In the fund basis statements, there are five classifications of fund balance:

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $7,579.

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Currently Utilized by the District:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, must be used for payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund under Restricted Fund Balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Debt Service

According to General Municipal Law §6-l, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

3. Committed

Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision make authority, i.e., the Board of Education.
The School District has no committed fund balances as of June 30, 2018.

4. Assigned

Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned

Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the school district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balances of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent years and encumbrances are also excluded from the 4% limitation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Order of Use of Fund Balance

The Board has adopted Policy #5560 allowing establishment or removal of assignments of fund balance through Board resolution based on the recommendation of the Director of Finance or Superintendent of Schools. Policy #5560 further denotes the order of use of fund balance to be recommended to the Board of Education by the Director of Finance or Superintendent of Schools on an annual basis.

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2018, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions,* effective for the year ending June 30, 2018. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans.

U. Future Changes in Accounting Standards

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations,* effective for the year ending June 30, 2019. This statement establishes criteria for determining the timing and pattern of recognition of liability and corresponding deferred outflow of resources for asset retirement obligations.

GASB has issued Statement No. 84, *Fiduciary Activities,* effective for the year ending June 30, 2020. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 87, *Leases,* effective for the year ending June 30, 2019. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* effective for the year ending June 30, 2019. This statement establishes new disclosure requirements related to debt.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period,* effective for the year ending June 30, 2021. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

The School District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

A. Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories, as shown below:

i) Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset (liability) and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgetary Procedures and Budgetary Accounting – (Continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

Unreserved Undesignated General Fund Balance

The District's unreserved undesignated General Fund balance was in excess of the New York State Real Property Tax Law limit, which restricts it to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

Deficit Fund Balance

The capital fund has a deficit fund balance of $178,819. This deficit will be eliminated when permanent financing is obtained.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statues govern the District's investment policies, as discussed previously in these Notes.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS – (CONTINUED)

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agency, but not in the District's name	4,673,859

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes $3,406,250 within the governmental funds and $465,879 in the fiduciary funds.

NOTE 5 – INVESTMENTS

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

a. Insured or registered, or investments held by the District or by the District's agent in the District's name, or

b. Uninsured and unregistered, with the investments held by the financial institution's trust department in the District's name, or

c. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

Investment

Fund	**Private Purpose Trust**	**Private Purpose Trust**
Carrying amount (fair value)	$ 9,307	$ 964,173
Unrealized investment gain/loss	0	Unknown
Type of investment	Money Market	Mutual Funds
Category of investment	C	C

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk.

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 391,626	$ 0	$ 0	$ 391,626
Construction in process	0	178,819		178,819
Total nondepreciable historical cost	391,626	178,819	0	570,445
Capital assets that are depreciated:				
Buildings	42,338,840	19,490	0	42,358,330
Improvements other than buildings	1,087,023	105,407	0	1,192,430
Furniture and equipment	3,875,656	65,315	0	3,940,971
Total depreciable historical cost	47,301,519	190,212	0	47,491,731
Less accumulated depreciation:				
Buildings	17,390,233	1,254,286	0	18,644,519
Furniture and equipment	3,183,996	92,121	0	3,276,117
Total accumulated depreciation	20,574,229	1,346,407	0	21,920,636
Net depreciable historical cost	26,727,290	(1,156,195)	0	25,571,095
GRAND TOTAL - NET	$ 27,118,916	$ (977,376)	$ 0	$ 26,141,540

Depreciation was allocated to the following programs as follows:

General support	$ 255,457
Instruction	944,531
Pupil transportation	102,986
School lunch program	43,433
TOTAL	$ 1,346,407

NOTE 7 – LONG-TERM DEBT

Interest paid on long-term debt was comprised of:

Interest paid	$ 520,263
Less amortization of bond premium	(88,780)
Total expense	$ 431,483

NOTE 7 – LONG-TERM DEBT – (CONTINUED)

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Serial bond payable	$ 11,320,000	$ 0	$ 1,385,000	$ 9,935,000	$ 1,205,000
Other liabilities:					
Other post-employment benefits	7,125,366	32,830,561	0	39,955,927	0
Compensated absences, net	88,292	223	0	88,515	0
Total long-term liabilities	$ 18,533,658	$ 32,830,784	$ 1,385,000	$ 49,979,442	$ 1,205,000

The current portion (amount due within one year) of other liabilities as of June 30, 2018, was not determinable.

Description of Issue	Date of Issue	Final Maturity	Interest Rate	Outstanding at June 30, 2018
High School Construction	11/1/2012	6/15/2026	2-5%	$ 4,410,000
Bus Garage	9/25/2014	6/15/2031	2-3.5%	1,145,000
East Hill Construction	6/17/2009	6/15/2019	3-5%	35,000
Various Projects - Excel	6/17/2009	6/15/2025	3-5%	630,000
2016 Refunding	5/27/2016	6/15/2025	2-5%	3,715,000
TOTAL				$ 9,935,000

	Principal	Interest	Total
Fiscal year ended June 30,			
2019	$ 1,205,000	$ 456,863	$ 1,661,863
2020	1,260,000	398,963	1,658,963
2021	1,310,000	347,513	1,657,513
2022	1,375,000	284,313	1,659,313
2023	1,390,000	218,113	1,608,113
Thereafter	3,395,000	335,763	3,730,763
Totals	$ 9,935,000	$ 2,041,528	$ 11,976,528

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	$ 1,384,836	$ 2,425	$ 0	$ 44,541
Special Aid Funds	0	818,928	29,541	0
School Lunch Fund	13,265	76,049	15,000	0
Capital Projects Fund	0	178,819	0	0
Total Governmental Activities	1,398,101	1,076,221	44,541	44,541
Fiduciary Agency Fund	2,425	324,305	0	0
TOTALS	$ 1,400,526	$ 1,400,526	$ 44,541	$ 44,541

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

NOTE 9 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

NOTE 9 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: – (Continued)

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 2, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	NYSTRS	NYSERS
2018	$ 661,090	$ 348,613
2017	854,135	313,327
2016	905,820	391,025

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District did not exercise.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found on Note 1 M.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	113
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	145
Total	258

Total OPEB Liability:

The District's total OPEB liability of $39,955,927 was measured as of June 30, 2018, and was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2%
Salary Increases	10.47%, average, including inflation
Discount Rate	3.87%
Healthcare Cost Trend Rates	5.50% for 2018, decreasing to an ultimate rate of 3.84% by 2078.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Assumptions and Other Inputs – (Continued)

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on April 1, 2010 – March 31, 2015 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

Changes in the Total OPEB Liability:

Balance at June 30, 2017	$ 40,720,193
Changes for the year:	
Service cost	823,968
Interest	1,440,022
Changes in benefit terms	0
Differences between expected and actual experience	0
Changes in assumptions or other inputs	(2,036,010)
Benefit payments	(992,246)
Net changes	(764,266)
Balance at June 30, 2018	$ 39,955,927

Changes in assumption and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87 percent) or 1 percentage point higher (4.87 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 49,312,008	$ 39,955,927	$ 34,815,619

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.5% decreasing to 2.84%) or 1 percentage point higher (6.5% decreasing to 4.84%) than the current healthcare cost trend rate:

	1% Decrease (4.5% Decreasing to 2.84%)	Healthcare Cost Trend Rates (5.5% Decreasing to 3.84%)	1% Increase (6.5% Decreasing to 4.84%)
Total OPEB Liability	$ 34,326,977	$ 39,955,927	$ 50,085,691

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of $981,615. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 0
Changes of assumptions or other inputs	0	1,745,881
Total	$ 0	$ 1,745,881

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Fiscal Year Ending June 30:	
2019	$ 290,129
2020	290,129
2021	290,129
2022	290,129
2023	290,129
Thereafter	295,236
Total	$ 1,745,881

NOTE 11 – RISK MANAGEMENT

General Information

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. The risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Consortiums and Self-Insured Plans

The District participates in Fulmont Workers Compensation Plan, a risk-sharing pool to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is $386.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The District has received grants which are subject to audit by agencies of the federal and state governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. The District's administration believes that disallowances, if any, would be immaterial.

Operating Leases

The District leases buses under operating lease agreements which run for five years. Total rental expenditures on such leases for the year ended June 30, 2018 were $238,184. The future minimum noncancelable operating lease payments are as follows:

2019	$ 253,344
2020	153,750
2021	102,615
2022	50,367

NOTE 13 – FAIR VALUE MEASUREMENTS

As required by GASB 72 *Fair Value Measurements,* the District is required to value investment securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

(A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.

(B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and

(C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

NOTE 13 – FAIR VALUE MEASUREMENTS – (CONTINUED)

Fair values of assets measured on a recurring basis at June 30, 2018, are as follows:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities	$ 973,480	$ 973,480	$ 0	$ 0

NOTE 14 – TAX ABATEMENTS

The County of Montgomery, enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced $42,547. The District received Payment in Lieu of Tax (PILOT) payment totaling $27,156.

NOTE 15 – RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions.* The implementation of Statement No. 75 resulting in the reporting of a liability and deferred inflows of resources related to the District's other post-employment benefits. The District's net position has been restated as follows:

Net Position beginning of year as previously stated	$ 17,203,049
GASB Statement No. 75 implementation:	
Difference Beginning OPEB Liability and previously recorded OPEB Liability	(33,594,827)
Net position beginning of year as restated	$ (16,391,778)

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the financial statements. There were no issues to report that would have a material effect on the financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	$ 5,849,074	$ 5,849,074	$ 5,816,289	$ (32,785)
Real property tax items	1,291,945	1,291,945	1,244,148	(47,797)
Charges for services	115,500	115,500	116,314	814
Use of money and property	6,650	6,650	8,384	1,734
Sale of property and compensation for loss	2,500	2,500	0	(2,500)
Miscellaneous	372,500	372,500	339,133	(33,367)
Total Local Sources	7,638,169	7,638,169	7,524,268	(113,901)
State Sources	13,228,510	13,278,510	13,422,368	143,858
Federal Sources	25,000	25,000	36,612	11,612
Total Revenues	20,891,679	20,941,679	20,983,248	$ 41,569

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Expenditures	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	19,700	20,000	17,840	$ 0	$ 2,160
Central administration	221,200	221,200	194,538	0	26,662
Finance	322,400	323,426	308,393	0	15,033
Staff	143,368	156,631	138,212	7,854	10,565
Central services	2,029,202	2,275,502	2,114,775	95,876	64,851
Special items	362,500	366,835	347,324	0	19,511
Instructional					
Instruction, administration and improvements	583,730	586,172	552,331	1,112	32,729
Teaching – regular school	6,054,636	6,175,906	6,103,961	7,160	64,785
Programs for children with handicapping conditions	2,250,590	2,291,257	2,223,109	0	68,148
Occupational education	335,654	327,654	326,821	0	833
Teaching - special school	28,000	28,260	13,894	0	14,366
Instructional media	345,220	323,581	267,248	11,472	44,861
Pupil services	744,650	785,762	753,214	418	32,130
Pupil Transportation	1,251,500	1,266,840	1,219,440	32,566	14,834
Employee Benefits	5,250,500	4,950,711	4,582,392	0	368,319
Debt Service	1,910,000	1,920,000	1,905,263	0	14,737
Total Expenditures	21,852,850	22,019,737	21,068,755	156,458	794,524
Other Financing Uses					
Transfers to other funds	33,000	44,965	44,541	0	424
Total Expenditures and Other Uses	21,885,850	22,064,702	21,113,296	$ 156,458	$ 794,948
NET CHANGE IN FUND BALANCE	(994,171)	(1,123,023)	(130,048)		
FUND BALANCE – BEGINNING	5,699,135	5,699,135	5,699,135		
FUND BALANCE – ENDING	$ 4,704,964	$ 4,576,112	$ 5,569,087		

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS OTHER POST-EMPLOYMENT BENEFITS

FOR THE YEAR ENDED JUNE 30, 2018

Measurement Date	June 30, 2018
Total OPEB Liability	
Service cost	$ 823,968
Interest	1,440,022
Change of benefit terms	0
Differences between expected and actual experience	0
Change of assumptions or other inputs	(2,036,010)
Benefit payments	(992,246)
Net change in total OPEB liability	(764,266)
Total OPEB Liability - beginning	40,720,193
Total OPEB Liability - ending	$ 39,955,927
Covered-employee payroll	$ 9,033,312
Total OPEB liability as a percentage of covered-employee payroll	442.32%
Plan's fiduciary net position	$ 0
Net OPEB Liability	$ 39,955,927

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0081894%	0.0074898%	0.0075956%	0.0070611%
District's proportionate share of the net pension liability (asset)	$ 264,309	$ 703,762	$ 1,219,119	$ 238,542
District's covered-employee payroll	2,293,472	2,056,733	1,935,179	1,875,972
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.5%	34.2%	63.0%	12.7%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.042776%	0.042601%	0.042691%	0.041638%
District's proportionate share of the net pension liability (asset)	$ (325,140)	$ 456,270	$ (4,434,230)	$ (4,638,247)
District's covered-employee payroll	7,248,551	6,851,624	6,765,731	6,692,704
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	4.5%	6.7%	65.5%	69.3%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.70%	99.00%	110.50%	111.48%

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2018	2017	2016	2015
Contractually required contribution	$ 334,952	$ 322,572	$ 305,246	$ 321,021
Contributions in relation to the contractually required contribution	334,952	322,572	305,246	321,021
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 2,293,472	$ 2,056,733	$ 1,935,179	$ 1,875,972
Contribution as a percentage of covered-employee payroll	14.60%	15.68%	15.77%	17.11%

NYS Teachers' Retirement System

	2018	2017	2016	2015
Contractually required contribution	$ 710,358	$ 803,010	$ 897,136	$ 1,173,231
Contributions in relation to the contractually required contribution	710,358	803,010	897,136	1,173,231
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 7,248,551	$ 6,851,624	$ 6,765,731	$ 6,692,704
Contribution as a percentage of covered-employee payroll	9.80%	11.72%	13.26%	17.53%

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2018

ADOPTED BUDGET	$ 21,885,850
ADDITIONS:	
Prior year's encumbrances	128,852
State grant received	50,000
FINAL BUDGET	$ 22,064,702

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2018

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION	
2018-2019 voter-approved expenditure budget	$ 22,780,035
Maximum allowed (4% of 2018-2019 budget)	911,201
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,131,458
Unassigned fund balance	1,211,632
Total unrestricted fund balance	2,343,090
Less:	
Appropriated fund balance and encumbrances	1,131,458
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 1,211,632
Actual percentage	5.3%

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2018

CAPITAL ASSETS, NET		$ 26,141,540
DEDUCT:		
Deferred bond premium	$ 710,237	
Short-term portion of bonds payable	1,205,000	
Long-term portion of bonds payable	8,730,000	
		10,645,237
NET INVESTMENT IN CAPITAL ASSETS		$ 15,496,303

See paragraph on supplementary schedules included in independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)

(UNIFORM GUIDANCE)

JUNE 30, 2018

WEST & COMPANY CPAs PC

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Canajoharie Central School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Canajoharie Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Canajoharie Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Canajoharie Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Canajoharie Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2018

WEST & COMPANY
CPAs PC

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Report on Compliance for Each Major Federal Program

We have audited Canajoharie Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* that could have a direct and material effect on each of Canajoharie Central School District's major federal programs for the year ended June 30, 2018. Canajoharie Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Canajoharie Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Canajoharie Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Canajoharie Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Canajoharie Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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Report on Internal Control Over Compliance

Management of the Canajoharie Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Canajoharie Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Canajoharie Central School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2018

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Project Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education - Grants to States	84.027	0032180397	$ 217,938
Special Education - Preschool Grants	84.173	0033180397	4,469
Total Special Education Cluster			222,407
Title I Grants to Local Educational Agencies	84.010	0021171425	30,083
Title I Grants to Local Educational Agencies	84.010	0021181425	265,044
Total Title I Grants to Local Educational Agencies			295,127
Improving Teacher Quality State Grants	84.367	0147171425	13,333
Improving Teacher Quality State Grants	84.367	0147181425	40,126
Total Improving Teacher Quality State Grants			53,459
Rural Education	84.358	0006171425	19,831
Total U.S. Department of Education			590,824
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	Not Applicable	14,302
Cash Assistance			
School Breakfast Program	10.553	Not Applicable	88,432
National School Lunch Program	10.555	Not Applicable	293,943
Summer Food Service Program for Children	10.559	Not Applicable	14,502
Total Child Nutrition Cluster			411,179
Total U.S. Department of Agriculture			411,179
TOTAL FEDERAL AWARDS EXPENDED			$ 1,002,003

See notes to schedule of expenditures of federal awards.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 3 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2018, the District had food commodities totaling $1,836 in inventory.

NOTE 4 – INDIRECT COST RATE

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

NOTE 5 – CLUSTERS

The special education cluster consists of Special Education - Grants to States and Special Education - Preschool Grants.

The child nutrition cluster consists of food distribution, School Breakfast Program, National School Lunch Program and Summer Food Service Program for Children.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued: unmodified

2. Internal control over financial reporting:

   a. Material weakness(es) identified? ___Yes _X_No

   b. Significant deficiency(ies) identified? ___Yes _X_No

3. Noncompliance material to financial statements noted? ___Yes _X_No

Federal Awards

1. Internal control over major programs:

   a. Material weakness(es) identified? ___Yes _X_No

   b. Significant deficiency(ies) identified? ___Yes _X_No

2. Type of auditors' report issued on compliance for major programs: unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___Yes _X_No

4. Identification of major programs:

CFDA Number	Name of Federal Program
10.555	National School Lunch Program
10.553	School Breakfast Program
10.559	Summer Food Service Program for Children

5. Dollar threshold used to distinguish between type A and B programs: $750,000

6. Auditee qualified as low-risk auditee? _X_Yes ___No

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2018

WEST & COMPANY
CPAs PC

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Canajoharie Central School District as of June 30, 2018, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

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Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Canajoharie Central School District as of June 30, 2018, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
October 2, 2018

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2018

ASSETS		
Cash	$	68,103
TOTAL ASSETS	$	68,103
LIABILITIES AND CLUB BALANCES		
Liabilities	$	529
Club balances		67,574
TOTAL LIABILITIES AND CLUB BALANCES	$	68,103

See independent auditors' report.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2018

	Balance July 1, 2017	Receipts	Disbursements	Balance June 30, 2018
Class of 2018	$ 2,968	$ 8,969	$ 9,709	$ 2,228
Class of 2019	3,235	11,465	9,577	5,123
Class of 2020	260	6,335	4,017	2,578
Class of 2021	0	1,965	1,243	722
Athletic Association	4,097	2,739	2,424	4,412
Girls' Volleyball	1,392	910	774	1,528
CSI Club	2	375	223	154
Life Skills Club	578	160	377	361
Black and Gold Yearbook	8,651	10,294	11,314	7,631
Varsity Girls' Softball	25	0	0	25
Band and Orchestra	1,059	1,762	785	2,036
Handbell Choir	977	0	180	797
Varsity Track and Field	159	0	0	159
Choir	1,377	0	0	1,377
Swim Club	1,063	0	811	252
Cheerleaders	569	0	161	408
Wrestling	212	3,274	2,086	1,400
Boys' Soccer	625	1,410	910	1,125
Middle School National Honor Society	157	2,163	1,527	793
High School National Honor Society	24	0	0	24
Ski Club	993	350	398	945
Middle School Student Council	451	6	300	157
High School Student Council	5,436	2,159	2,762	4,833
Boys' Basketball	1,450	8,466	6,616	3,300
Girls' Basketball	3,058	5,257	5,765	2,550
Girls' Soccer	579	40	600	19
Football	351	1,000	0	1,351
Student Council - A.P. Account	679	0	0	679
Student Council - Landscape	612	0	248	364
Summer Drama Club	831	4,318	4,379	770
History Club	94	293	0	387
NADA Club	462	0	128	334
SADD	1,958	10,001	11,213	746
MS SADD	1,991	0	100	1,891
Technology Club	2,369	2,430	2,809	1,990
Middle School Team	4,434	22,391	20,155	6,670
Middle School Team - Scholarship	1,006	3,061	3,446	621
Science Club	77	0	0	77
Bowling Club	559	1,051	1,338	272
Baseball Club	0	189	0	189
International Club	4,261	0	0	4,261
Odyssey of the Mind	1,405	0	0	1,405
MS Science Club	114	0	39	75
MS CHIPS	1,155	0	600	555
Sales Tax	2,103	3,019	4,593	529
TOTALS	$ 63,858	$ 115,852	$ 111,607	$ 68,103

See note to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Canajoharie Central School District. The related year end cash balances are shown as part of the Trust and Agency Fund with the offset being shown as agency liabilities. The Extraclassroom Activity Funds of Canajoharie Central School District represent funds of the students of the District. The District's Board exercises general oversight on these funds. The Extraclassroom Activity Funds are independent of the District with respect to the financial transactions and the designation of student management.

The books and records of the Canajoharie Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's financial statements.

WEST & COMPANY
CPAs PC

October 2, 2018

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Re: Management Letter
June 30, 2018

In planning and performing our audit of the basic financial statements of the Canajoharie Central School District for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 2, 2018. This report does not affect our report dated October 2, 2018, on the financial statements of Canajoharie Central School District.

Prior-Year Findings

(1) Extraclassroom Activity Funds

a) Activities

Prior Condition: Through prior review of Extraclassroom Activity Funds, we noted that there were dormant clubs in the Extraclassroom Activity Funds.

Status: This condition remains outstanding. There were numerous fiscally dormant clubs in the Extraclassroom Activity Funds as of June 30, 2018.

b) Sales Tax

Prior Condition: Clubs were not paying sales tax when purchasing taxable items from outside vendors, and not remitting sales tax on taxable fundraiser sales.

Status: These items remain unchanged for the year ended June 30, 2018.

Recommendation: Clubs should pay sales tax when purchasing taxable items from outside vendors, unless a resale certificate has been filed with the vendor. Also, clubs should collect and remit sales tax when they sell taxable items.

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www.westcpapc.com

(2) Unassigned General Fund Balance

Prior Condition: The District's unassigned General Fund balance at June 30, 2017, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

Status: This condition remains unchanged for the year ended June 30, 2018.

Recommendation: We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

(3) Payroll - Employee I-9 Forms

Prior Condition: During our June 30, 2017 audit, we tested 40 employees to ensure proper documentation for I-9s was present in the employees' personnel files. Of the 40 employees tested, two did not have an I-9 on file and four had incomplete I-9s on file.

Status: This condition has been corrected as of June 30, 2018.

(4) Purchasing

Prior Condition: Through our June 30, 2017 testing of disbursements, we noted one of 40 disbursements tested had a purchase order dated after the invoice date.

Status: This condition has been corrected as of June 30, 2018.

(5) Flex Plan Account

Prior Condition: The flex plan liability in the Trust and Agency account is not being reconciled to the administrator's balance.

Status: This condition has been corrected as of June 30, 2018.

(6) Teachers' Retirement System Accrual

Prior Condition: During our June 30, 2017 audit, we noted that the District did not reconcile the balance due to the New York State Teachers' Retirement System to their year-end bill.

Status: This condition remains outstanding as of June 30, 2018.

Recommendation: We recommend that the District ensure that all year-end liabilities are properly recorded based on billings received from third parties.

Current-Year Findings

(1) Sales Tax

Condition: During our June 30, 2018 audit, we tested a random sample of 40 disbursements and noted that two of those selected had sales tax paid.

Recommendation: We recommend that the District check all payments to ensure that they are not paying sales tax since they are an exempt organization.

* * * * * * * * * * * * * * * * * *

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork. Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC